

## Message Text

CONFIDENTIAL

PAGE 01 CAIRO 10776 111348Z

53

ACTION NEA-10

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

SAM-01 SAB-01 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 PA-01 PRS-01 ERDA-05 FEAE-00 FPC-01 INT-05

OES-06 ACDA-07 SSM-03 /112 W  
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R 111253Z AUG 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5994

INFO AMEMBASSY JIDDA

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

C O N F I D E N T I A L CAIRO 10776

E.O. 11652: GDS

TAGS: EGEN, ENRG, PFOR, JA, EG

SUBJECT: JAPAN, THE MIDDLE EAST AND EGYPT

REF: TOKYO 11065

1. ANALYSIS OF JAPAN'S MIDDLE EAST POLICY CONTAINED REFTEL STRIKES US AS INTERESTING AND USEFUL. IN PARTICULAR, WE ARE IMPRESSED WITH OVERVIEW IT PROVIDES ON ECONOMIC RELATIONS WITH EGYPT AND DIVERSE OPINIONS WITHIN GOJ AS TO SIGNIFICANCE AND UTILITY OF ASSISTANCE PROGRAMS. U.S. EFFORTS TO ENCOURAGE ADDITIONAL AID OVER THE PAST YEAR HAVE BEEN PLACED IN CLEARER PERSPECTIVE. WITHOUT WISHING TO APPEAR PAROCHIAL, WE WOULD LIKE TO COMMENT ON JAPAN'S POLICY AS SEEN FROM CAIRO.

2. OUR CONVERSATIONS WITH JAPANESE OFFICIALS INDICATE THAT TOKYO MAY NOT HAVE A CLEAR UNDERSTANDING OF  
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PAGE 02 CAIRO 10776 111348Z

HIGHLY SIGNIFICANT ROLE OF EGYPT - AND ESPECIALLY

SADAT - IN FUTURE OF MIDDLE EAST REGION AND THEREFORE THE OIL IT SUPPLIES TO JAPAN AND OTHERS. IT WOULD NOT BE AN EXAGGERATION TO SAY THAT IF SADAT FALLS, OR IS NOT FOLLOWED BY A LIKE-MINDED REGIME, SECURITY OF ENERGY INPUTS FOR JAPAN COULD BE JEOPARDIZED. SINCE AT THIS POINT MOST SERIOUS THREAT TO SADAT IS COLLAPSE OF EGYPTIAN ECONOMY, JAPAN CAN PERHAPS CONTRIBUTE AS MUCH TO GUARANTEEING OIL AVAILABILITY BY PROVIDING ADDITIONAL COMMODITY FINANCING FOR EGYPT AS IT CAN BE COURTING WEALTHY ARABS.

3. KEY POINT IS THAT AS EGYPT GOES, SO GOES THE STABILITY OF THE REGION. SADAT HAS SAID THAT AS FAR AS ARABS ARE CONCERNED, "YOU CANNOT MAKE WAR WITHOUT EGYPT, AND YOU CANNOT MAKE PEACE WITHOUT EGYPT". ALTHOUGH SPECIFICALLY REFERRING TO CONFLICT WITH ISRAEL, THE STATEMENT HAS BROADER IMPLICATIONS. SHOULD EGYPT FAIL TO ACHIEVE GOAL OF SELF-SUSTAINING ECONOMIC GROWTH (A POSSIBILITY THAT AT THIS MOMENT LOOMS UNFORTUNATELY LARGE), THE IMPACT ON THE MIDDLE EAST IS LIKELY TO BE BOTH NEGATIVE AND PERVASIVE.

4. WITH A POPULATION OF ALMOST 40 MILLION (AND COUNTING), A HEAVY FOOD DEFICIT, RESIDUAL EXPANSIONARY TENDENCIES, AND THE REQUIRED MILITARY CAPABILITIES READY TO HAND, POST-SADAT EGYPT COULD CONCEIVABLY REGARD ITS ENORMOUSLY WEALTHY AND RELATIVELY UNPOPULATED NEIGHBORS WITH A TOTALLY DIFFERENT PERSPECTIVE. ARAB AWARENESS OF THIS POTENTIAL PROBLEM, AND THE DIFFICULTY OF ESTABLISHING A STABLE AND GROWTH-ORIENTED MIDDLE EAST ECONOMY IF THE SINGLE LARGEST STATE IS NOT AT LEAST marginally INCLUDED IN THE PROGRAM, IS ONE OF MAJOR REASONS FOR MASSIVE FINANCIAL SUPPORT THAT HAS BEEN PROVIDED TO SADAT.

5. WHILE THE USG HAS MADE THIS GENERAL POINT IN CONVERSATIONS IN WASHINGTON AND TOKYO AS WELL AS CONFIDENTIAL

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PAGE 03 CAIRO 10776 111348Z

CAIRO, WE DO NOT HAVE IMPRESSION THAT NATURE OF THE SADAT EXPERIMENT - IN TERMS OF ITS SIGNIFICANCE TO THE ENTIRE AREA - IS YET FULLY APPRECIATED. JAPANESE EMBOFFS HERE HAVE ASKED US TO STRESS THIS THESIS IN OUR CONVERSATIONS WITH VISITORS FROM GOJ MFA, WHICH INDICATES THAT THEY SHARE THIS CONCERN - AND OUR VIEW.

6. THE DEPARTMENT AND EMBASSY TOKYO ARE IN  
A FAR BETTER POSITION TO JUDGE UTILITY AND TIMING  
OF FURTHER APPROACHES TO JAPANESE ON SUBJECT OF  
ASSISTANCE FOR EGYPT. GIVEN DIFFICULTIES POSED  
BY INTERNAL CONCERNS, E.G., FORTHCOMING ELECTIONS,  
GOJ MAY BE UNABLE TO RESPOND TO U.S. EFFORT STO  
SECURE FURTHER FINANCIAL SUPPORT. THERE MAY,  
HOWEVER, BE SUFFICIENT JUSTIFICATION FOR ENSURING  
THAT JAPANES PLANNERS UNDERSTAND IMPORTANCE OF  
EGYPT IN CONSIDERATION OF OVERALL ENERGY PROBLEM.  
WHILE ITSELF NOT A MAJOR EXPORTER, EGYPT SHOULD BE  
VIEWED AS IMPORTANT FACTOR IN ENSURING UNINTERRUPTED  
ENERGY SUPPLIES FOR JAPAN.

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